ABSTRACT

A simplified method for financing a trade transaction, e.g. international trade in goods or services, preferably employs two novel mutually extinguishable bills of exchange. A first bill of exchange (1 o E), optionally a prerelease payment draft, is event-actuated and is executed by a buyer (B), and returned to a seller (S) prior to release of the traded product by seller (S). The first bill of exchange (1 o E) is dormant and non-negotiable until activated by an event as agreed by buyer (B), e.g. seller (S)'s release of the traded product which event thereby has the effect of causing the first bill of exchange (1 o E) to become a negotiable instrument. Buyer (B) may be protected from seller (S)'s holding payment yet not shipping. Alternatively, seller (S) may have immediate possession of a negotiable payment instrument when they ship. Also disclosed are a novel pro-forma invoice (PFI) and credit enhancement process wherein a banker's acceptance is substituted for the novel first or second bill of exchange.